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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/753,879	01/03/2001	L. Cade Havard	P04619US0	1966
22885	7590	10/17/2007	EXAMINER	
MCKEE, VOORHEES & SEASE, P.L.C. 801 GRAND AVENUE SUITE 3200 DES MOINES, IA 50309-2721			FRENEL, VANEL	
		ART UNIT	PAPER NUMBER	
		3627		
		MAIL DATE	DELIVERY MODE	
		10/17/2007	PAPER	

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>
	09/753,879	HAVARD, L. CADE
	<b>Examiner</b>	<b>Art Unit</b>
	Vanel Frenel	3627

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).

Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) Responsive to communication(s) filed on 07 October 2007.
- 2a) This action is **FINAL**.                            2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) Claim(s) 1,3,4 and 9-11 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_\_ is/are allowed.
- 6) Claim(s) 1, 3-4, 9-11 is/are rejected.
- 7) Claim(s) \_\_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All    b) Some \* c) None of:
  1. Certified copies of the priority documents have been received.
  2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413)
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	Paper No(s)/Mail Date. _____.
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)	5) <input type="checkbox"/> Notice of Informal Patent Application
Paper No(s)/Mail Date _____.	6) <input type="checkbox"/> Other: _____.

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 10/07/07 has been entered.

### **Notice to Applicant**

2. This communication is in response to the RCE filed on 10/07/07. Claims 1 and 9 have been amended. Claims 2, 5-8, and 12-19 have been cancelled. Claims 1, 3-4, and 9-11 are pending.

### ***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-4 and 9-11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lockwood et al (5,845,254), Goodroe et al (2002/0123905), "For Health Benefits, Point and Click by Leonard Bill, (HR Magazine 45, 7, 42, July 2000) and in view of

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"Alternatives to traditional capitation in managed care agreements, Healthcare Financial Management, Westchester, April 1998 by Kevin M. Kennedy; Daniel J. Merlino and further in view of Schoenbaum et al (2006/0064332).

(A) As per claim 1, Lockwood discloses the method comprising:

- identifying one or more health care networks in each of the states for analysis wherein each of the health care networks comprises a plurality care providers and has been utilized by one or more of the participants (See Lockwood, Col.5, lines 14-22);
- for each of the health care networks, collecting information concerning utilization of the health care providers in the network by the participants (See Lockwood, Col.9, lines 7-32);
- computing a measure of network utilization for each of the networks using a computer wherein the measures of network utilization comprise number of the participants who utilize the health care providers in the network, a percentage of the participants who utilize health care providers in the network, a measure of total health care costs in the network, and a measure of a percentage of health care costs in the network; (See Lockwood, Col.4, lines 29-52; Col.15 lines 30-67);
- selecting one or more health care networks per state having the highest projected savings from the reduced number of the health care networks for each state to thereby further reduced number of healthcare networks associated with each state; (See Lockwood, Col.14, lines 18-65);

Lockwood does not explicitly disclose that the method having comparing the measures of network utilization in each of the states for the health care networks;

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selecting one or more health care networks for each state based on the measures of network utilization to provide a reduced number of health care networks for each state;

of the health care networks in a particular state, projecting future health care savings accruing over the entire network for one or more health care networks;

However, these features are known in the art, as evidenced by Goodroe. In particular, Goodroe suggests that the method having comparing the measures of network utilization for the health care networks in the same state (See Goodroe, Page 2, Paragraphs 0020-0021);

selecting one or more health care networks for each state based on the measures of network utilization to provide a reduced number of health care networks for each state (See Goodroe, Page 2, Paragraphs 0020-0021);

of the health care networks in a particular state, projecting future health care savings for one or more of the networks (See Goodroe, Page 1, Paragraph 0005).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the features of Goodroe within the system of Lockwood with the motivation of improving healthcare management system capable of identifying cost savings opportunities to reduce waste while improving patient care (See Goodroe, Page 1, Paragraph 0003).

In addition, Lockwood and Goodroe do not explicitly disclose that the method having a computer-assisted method of creating a virtual health care network that spans

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multiple states and seeks to maximize health care savings while minimizing the inconvenience to participants in changing health care providers,

forming a virtual health care network from the one or more health care network per state having the highest projected savings to thereby maximize health care savings while minimizing inconvenience to participants in changing healthcare providers for participants in the virtual health care network; and

providing an output from the computer indicative of the virtual health care network.

However, these features are known in the art, as evidenced by Leonard. In particular, Leonard suggests that the method having a computer-assisted method of creating a virtual health care network that spans multiple states and seeks to maximize health care savings while minimizing the inconvenience to participants in changing health care providers (See Leonard, Page 1, Paragraphs 1-3; Page 2, Paragraph 12);

forming a virtual health care network from the one or more health care network per state having the highest projected savings to thereby maximize health care savings while minimizing inconvenience to participants in changing healthcare providers for participants in the virtual health care network (See Leonard, Page 1, Paragraphs 1-3); and

providing an output from the computer indicative of the virtual health care network (See Leonard, Page 1, Paragraphs 1-3).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the features of Leonard within the collective teachings of

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Lockwood and Goodroe with the motivation of providing examining ways to alter the health services market---going beyond providing information and into creating full-service health benefits web sites (See Leonard, Page 1, Paragraph 1).

Further, claim 1 has been amended to recite "wherein the future healthcare savings are projected based upon historical charges and historical physician charges for the participant, health care network discounts for hospital charges, healthcare network discounts for physician charges, and a portion of the historical health care costs projected to fall to a healthcare provider in the network".

Lockwood, Goodroe and Leonard do not explicitly disclose "wherein the future healthcare savings are projected based upon historical charges and historical physician charges for the participant, health care network discounts for hospital charges, healthcare network discounts for physician charges, and a portion of the historical health care costs projected to fall to a healthcare provider in the network".

However, this feature is known in the art, as evidenced by Kevin. In particular, Kevin suggested that the method having "wherein the future healthcare savings are projected based upon historical charges and historical physician charges for the participant, health care network discounts for hospital charges, healthcare network discounts for physician charges, and a portion of the historical health care costs projected to fall to a healthcare provider in the network" (See Kevin, Page 3, Paragraphs 6-7; Page 4, Paragraphs 4-10).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Kevin within the collective teachings of

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Lockwood, Goodroe and Leonard with the motivation of providing capitation arrangements with quality and hospital utilization bonuses, under which specialists and primary care physicians receive a capitation payment plus the potential for bonuses based on quality and utilization criteria (See Kevin, Page 1, Abstract).

As best understood, claim 1 has been amended to recite "for each of the one or more health care networks selected as part of the reduced number of health care networks for each state".

Lockwood, Goodroe, Leonard and Kevin do not explicitly disclose "for each of the one or more health care networks selected as part of the reduced number of health care networks for each state".

However, this feature is known in the art, as evidenced by Schoenbaum. In particular, Schoenbaum suggests that "for each of the one or more health care networks selected as part of the reduced number of health care networks for each state" (See Schoenbaum, Page 1, Paragraph 0006; Page 5, Paragraphs 0061-0068).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Schoenbaum within the collective teachings of Lockwood, Goodroe, Leonard and Kevin with the motivation of providing a method and system of providing comparative cost information for health insurance plans and episodes of health care need (e.g., illness, injury (See Schoenbaum, Page 1, Paragraph 0008)).

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(B) As per claim 2, Lockwood discloses the method wherein the future health care savings are projected based upon historical health care costs for participants, health care network discounts and a portion of the historical health care costs projected to fall to health care provider in the network (See Lockwood, Col.1, lines 30-52; Col.2, lines 32-67 to Col.3, line 2).

(C) As per claim 3, Goodroe discloses the method wherein the health care network is a managed care network (See Goodroe, Page 1, Paragraph 0002).

The motivation for combining the respective teachings of Lockwood, Goodroe and Leonard are as discussed above in the rejection of claim 1, and incorporated herein.

(D) As per claim 4, Leonard discloses the method wherein the managed care network is a preferred organization (PPO) (See Leonard, Page 1, Paragraphs 1-3).

The motivation for combining the respective teachings of Lockwood, Goodroe and Leonard are as discussed above in the rejection of claim 1, and incorporated herein.

(E) As per claim 9, Lockwood discloses a computer-assisted method of designing a virtual PPO network from a plurality of networks that seeks to maximize savings under the plan, each of the networks comprising a plurality of health care providers, the method comprising:

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for each of the group health care networks, collecting information concerning the number of potential plan participants who utilize a health care provider under the networks (See Lockwood, Col.5, lines 14-22);

determining network utilization for each of the networks based upon the number of potential plan participants who utilize a health care provider under the networks (See Lockwood, Col.9, lines 7-32);

for each of the subset of the networks with the highest utilization, calculating future savings for the network based upon historical health care costs for plan participants, network discounts, and a portion of the historical health care costs projected to fall to a health care provider in the network, wherein the step of calculating is performed using a computer (See Lockwood, Col.14, lines 18-65).

Lockwood does not explicitly disclose that the method having comparing the utilization for the networks;

identifying a subset of the networks with the highest utilization, the subset of the networks less than a total number of networks;

selecting one or more of the networks having the greatest future savings.

However, these features are known in the art, as evidenced by Goodroe. In particular, Goodroe suggests that the method having comparing the utilization for the networks (See Goodroe, Page 2, Paragraphs 0020-0021);

identifying a subset of the networks with the highest utilization, the subset of the networks less than a total number of networks (See Goodroe, Page 2, Paragraphs 0020-0021);

selecting one or more of the networks having the greatest future savings (See Goodroe, Page 4, Paragraph 0081).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the features of Goodroe within the system of Lockwood with the motivation of improving healthcare management system capable of identifying cost savings opportunities to reduce waste while improving patient care (See Goodroe, Page 1, Paragraph 0003).

As best understood, claim 9 has been amended to recite "hospital charges and physician charges for plan participants, network discounts for hospital charges and network discounts for physician charges".

Lockwood, Goodroe, Leonard and Kevin do not explicitly disclose "hospital charges and physician charges for plan participants, network discounts for hospital charges and network discounts for physician charges".

However, this feature is known in the art, as evidenced by Kevin. In particular, Kevin suggested that the method having "hospital charges and physician charges for plan participants, network discounts for hospital charges and network discounts for physician charges" (See Kevin, Page 3, Paragraphs 6-7; Page 4, Paragraphs 4-10).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Kevin within the collective teachings of Lockwood, Goodroe and Leonard with the motivation of providing capitation arrangements with quality and hospital utilization bonuses, under which specialists and

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primary care physicians receive a capitation payment plus the potential for bonuses based on quality and utilization criteria (See Kevin, Page 1, Abstract).

Furthermore, claim 9 has been amended to recite "a percentage of the participants who utilize the health care providers in the networks, a measure of total health care costs in the network, and a measure of a percentage of the health care costs in the network.

Lockwood, Goodroe, Leonard and Kevin do not explicitly disclose "a percentage of the participants who utilize the health care providers in the networks, a measure of total health care costs in the network, and a measure of a percentage of the health care costs in the network".

However, this feature is known in the art, as evidenced by Schoenbaum. In particular, Schoenbaum suggests that a percentage of the participants who utilize the health care providers in the networks, a measure of total health care costs in the network, and a measure of a percentage of the health care costs in the network" (See Schoenbaum, Page 18, Paragraphs 0221-0224).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Schoenbaum within the collective teachings of Lockwood, Goodroe, Leonard and Kevin with the motivation of providing a method and system of providing comparative cost information for health insurance plans and episodes of health care need (e.g., illness, injury (See Schoenbaum, Page 1, Paragraph 0008).

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(F) As per claim 10, Leonard discloses the method wherein the network is a preferred provider organization (PPO) (See Leonard, Page 1, Paragraphs 1-3).

The motivation for combining the respective teachings of Lockwood, Goodroe, and Leonard are as discussed above in the rejection of claim 1, and incorporated herein.

(G) As per claim 11, Goodroe discloses the method wherein the PPO is selected for a particular state (See Goodroe, Page 7, Paragraph 0133).

The motivation for combining the respective teachings of Lockwood, Goodroe and Leonard are as discussed above in the rejection of claim 1, and incorporated herein.

#### ***Response to Arguments***

6. Applicant's arguments filed 11/21/06 have been fully considered but they are not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they appear in the response filed 11/21/06.

(A) At pages 5-6 of the 10/07/07 response, Applicant argues that the newly added features in the 10/07/07 amendment are not taught or suggested by the applied references.

In response, all of the limitations which Applicant disputes as missing in the applied references, including the features newly added in the 10/07/07 amendment, have been fully addressed by the Examiner as either being fully disclosed or obvious in view of the collective teachings of Lockwood, Goodroe and/or Leonard based on the

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logic and sound scientific reasoning of one ordinarily skilled in the art at the time of the invention, as detailed in the remarks and explanations given in the preceding sections of the present Office Action and in the prior Office Action, and incorporated herein. One cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

In addition, the test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference; nor is it that the claimed invention must be expressly suggested in any one or all of the references. Rather, the test is what the combined teachings of the references would have suggested to those of ordinary skill in the art. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981).

### ***Conclusion***

7 The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The cited but not the applied art teaches method and system for providing a user-selected healthcare services package and healthcare services panel customized based on a user's selections (6,735,569).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Vanel Frenel whose telephone number is 571-272-6769. The examiner can normally be reached on 6:30am-5:00pm.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Zeender Ryan Florian can be reached on 571-272-6790. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Vanel Frenel

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October 12, 2007